



# WISCONSIN BREWER'S GUILD

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June 20, 2011

The Honorable Scott Walker  
Governor  
State of Wisconsin  
115 East Capitol  
Madison, WI 53702

Dear Governor Walker,

“Wisconsin Is Open for Business” Like most small businesses and business organizations, the Wisconsin Brewers Guild was optimistic for the prospects ahead economically for our state when we heard of this program.

As you know our organization has been proactive in working with your staff to create jobs, stimulate brewing related agriculture, and promote tourism in our state. Despite our rich brewing heritage, our state has sadly lost its status as our nations brewing capitol. We recently met with your Agriculture, Commerce, and Tourism departments to introduce our plan to make Wisconsin #1 in brewing.

Nearly 600,000 guests visit our packaging brewery members' facilities a year which represents 2.8 people for every barrel brewed. An additional 1.3 million people are entertained by our brewpub members. Since the beer sold by WI craft breweries is still only about 5% of the beer purchased in Wisconsin, it is easy to see how many visitors we could bring in if our collective market share would climb to our goal of 30+%.

Today there are over 50 small breweries and brewpubs operating in Wisconsin, employing more than 1000 state citizens. This doesn't include the auxiliary industries that support these small breweries such as maltsters, glass manufacturers, paper manufacturers, chemical manufacturers, and brewing equipment manufacturers. Once again, if we reach our goals, we will be employing over 6000 people directly by our members, and hundreds more would need to be added by our suppliers. Collectively, these businesses have been steadily adding jobs to our state for the last 25 years, including through most recent economic downturn. Craft brewing is one of the fastest growing industries nationwide.

Small brewers are also responsible for starting a renaissance in brewery related agriculture in Wisconsin, with barley, wheat, and hops now being grown to supply the state's craft brewing industry.

Tragically, policy changes inserted into the state budget passed by the legislature will seriously impair our existing and future small breweries from meeting our goals, and will likely cause the loss of jobs here in Wisconsin.

We believe that many of our legislators were misled by proponents of these changes who assured them that small brewers would be “unaffected” by or “exempt” from these changes. They have also been misled that these changes had to be made immediately to avoid “imminent” threats from AB-InBev. These are simply not true.

In fact, small brewers were the only segment of the industry that were harmed by this policy change, and are subject to radical changes in the way we do business. Several business models that have been available to us since we started our businesses, since the end of Prohibition for that matter, have been swiftly removed as options for business growth. All of these options are being used successfully in various parts of the nation adding to the explosive craft brewing growth. Why would we want to stifle Wisconsin’s entrepreneurs by limiting the options available to them to grow their businesses? Why would we want to discourage others from starting a small brewery in Wisconsin?

Besides stifling future growth these changes also de-value existing businesses by removing valuable, portable, assets from their portfolios.

Interestingly, the principals promoting these radical modifications to the business models have been steadily reducing Wisconsin jobs. The Wisconsin Beer Distributors Association is a shrinking organization. In 1994, there were 92 wholesalers in the state. In 2007, there were 67. Today there are 42. Each of these closures or mergers results in loss of jobs. Miller-Coors has been steadily reducing workforce in the state for years, including the recent move of their corporate headquarters to Illinois.

Much of this reduction is due to a nationwide push for “distributor consolidation” driven by mergers of the world’s largest brewers. It is well publicized that Miller-Coors is seeking to have all of their brands with the same distributor. In Wisconsin, the consolidation has been completed in Milwaukee, Madison, and the southwestern quadrant of the state. The northern half of the state still has independent Miller and Coors wholesalers. The only portion of this legislation that is fiscal in nature creates a new state bureaucracy funded by new “wholesaler permits” with a cap fee of \$2500. When the Miller-Coors consolidation process is complete in the north, there will be insufficient funding for this new position. This seems to run counter to your policies.

We believe that changes can be made to our distribution laws in a way that **NO** Wisconsin businesses are losers. The process should include input from all affected parties.

**Please veto all of motion 414 in its entirety.**

The Wisconsin Brewers Guild pledges to sit down with legislators, government officials, and all of the other interested entities to develop a solution that meets everyone’s needs and insures that no Wisconsin businesses are harmed or prevented from growth. Let’s keep “Wisconsin Open for ALL Business”

Sincerely,

Jeff Hamilton  
President  
Wisconsin Brewers Guild

